



Tax Alert

Lagos State Withholding Tax Alert: An Analysis of the LIRS Public Notice Issued on 30th April 2025



Introduction

On 30th April 2025, Lagos State Internal Revenue Service (LIRS) released a Public Notice to clarify how to operate the 2024 Withholding Tax Regulations within the State. The Notice flows directly from the Deduction of Tax at Source (Withholding) Regulations 2024, issued by Nigeria's Federal Ministry of Finance which took effect from 1 July 2024. LIRS, empowered under the Personal Income Tax Act (PITA) and the Joint Tax Board's (JTB) framework, exercises

delegated authority to implement those Regulations within Lagos State. While the federal text prescribes baseline rates, exemption rules, and remittance timelines, Lagos is entitled to set administrative specifics such as revenue codes, local deadlines, and enforcement modalities so long as they remain consistent with federal law. The Public Notice therefore functions as a Lagos-specific "operational manual" layered on top of the national Regulations.

Breakdown of LIRS Clarifications

1. Widening of Withholding Tax (WHT) Scope

LIRS formally extends WHT to three previously untaxed income streams: (a) gaming or reality-show winnings, (b) co-location and telecommunication tower fees, and (c) brokerage commissions. These additions mirror the federal listings but make them enforceable in Lagos through dedicated revenue codes and eTax classifications.

2. Compensation for Loss of Employment

Capital Gains Tax on severance packages must be withheld at payment and remitted on or before the 10th of the following month, mirroring PAYE treatment.

3. Remittance Timing and Penalties

All withholding categories other than the CGT & PAYE must be remitted by the 30th day of the month following payment, with missed deadlines attracting statutory penalties plus interest.

4. Twin-Track TIN Governance

The absence of a valid TIN results in WHT deduction at double the standard rate. LIRS will continue accepting the legacy “Payer ID” alongside the JTB-issued TIN, but double-rate risk still applies if neither is provided at point of payment.

5. Receipts, Credit Notes, and Liability Shift

Collecting agents must issue receipts upon deduction, as LIRS expressly warns that unremitted deductions remain legally recoverable from the payer, not the supplier, regardless of receipt issuance. To mitigate this risk, we suggest that a daily reconciliation of receipts generated, and remittances filed, is imperative, backed by an internal audit sign-off.

6. Exemptions and SME Relief

Small businesses with a turnover of ₦25 million or less, who are acting as collecting agents are exempt from withholding tax where (a) the supplier has a valid TIN and (b) monthly aggregate transactions do not exceed ₦2 million. This exclusion also covers across-the-counter deals, manufactured goods, specified petroleum products, telephone/data charges, airline tickets, and insurance premiums. For LIRS audit queries we suggest that payers keep suppliers’ TIN letters, exemption certificates, and monthly aggregation analyses ready for LIRS audit queries.



Notable Changes Introduced by the NTA 2025 & Implications for Taxpayers

Income Type	Resident Rate	Relevant Revenue Code
Winnings from gaming & reality shows	5%	130041
Co-location & telecom tower services	2%	331521
Brokerage fee	5%	331491
Directors' fee	15%	N/A
Construction of road, bridges, building & power plant	2%	N/A
Other construction & related activities	5%	N/A
Supply of goods (non-manufacturer)	2%	N/A
Other supply or rendering of services	2%	N/A

Frequently Asked Questions (FAQs)

1. Does the Lagos SME exemption apply if a small vendor sells ₦2.5 million in one invoice?

No. Once a monthly transaction value exceeds ₦2 million, exemption is lost, even if annual turnover is ₦25 million or less.

2. If a supplier has a federal TIN but no Lagos Payer ID, will double rate apply?

No, because any valid JTB-issued TIN suffices; however, absence of any TIN triggers double rate.

3. Are ‘across-the-counter’ cash payments to artisans exempt from WHT?

Yes, provided the transaction is instantaneous and lacks a formal contract. This is according to the federal definition adopted by Lagos State.

4. Why do the following items not have a revenue code listed in the circular?

- i. Directors' fees
- ii. Construction of roads, bridges, buildings & power plants
- iii. Other construction & related activities
- iv. Supply of goods (non-manufacturer)
- v. Other supply or rendering of services

These items are not included in the circular because they already have existing e-tax codes or codes from the system prior to the implementation of the e-tax regimes. Below are their respective codes:

Items	E-tax Code	Pre E-tax Code
Directors' fees	32119	4010019
Construction of roads, bridges, buildings & power plants	32120	4010020
Other construction & related activities	Same as above	Same as above
Supply of goods (non-manufacturer)	32112	4010012
Other supply or rendering of services	32121	4010021

About SBP

Stren and Blan Partners is a world-class ingenious law firm with a beautiful blend of the brightest minds and well-rounded individuals championed with sole responsibilities of providing solutions to business problems and equally finding answers to the questions of our clients. We are a team always guided by our professional ethics. Also, honesty and transparency have been our watchwords in practice.

Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our clients' business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.

Authors



**Marvis
Oduogu**

Team Lead

MarvisOduogu
@strenandblan.com



**Omolola
Ambrose**

Senior Associate

OmololaAmbrose
@strenandblan.com



+234 (0)702 558 0053
3 Theophilus Orji Street, Off Fola Osibo
Road, Lekki Phase 1, Lagos, Nigeria

www.strenandblan.com
contact@strenandblan.com
[in](#) [X](#) [@](#) @strenandblan